

## **NON-WIRES SOLUTIONS ROUNDTABLE**

### **October 1-2, 2003**

### **Meeting Summary**

More Roundtable information and subgroup papers are posted on the BPA web site at:  
[http://www2.transmission.bpa.gov/PlanProj/Non-Construction\\_Round\\_Table/](http://www2.transmission.bpa.gov/PlanProj/Non-Construction_Round_Table/)

Brian Silverstein kicked off the meeting with a description of BPA's new planning process for transmission, which incorporates screening for non-wires solutions (NWS). Subgroups on policy issues and institutional barriers gave progress reports.

**Policy Issue #1: Refine the Screening Criteria.** The subgroup has reviewed a draft screening tool and recommended revisions. The roundtable discussed at what point in the screening it would be appropriate to stop considering NWS and turn to a construction solution. Members felt the screening process should err on the side of giving full consideration to NWS. There was also discussion about the data needed to conduct successful screening analysis. The subgroup will continue work on the screening tool.

**Institutional Barrier #2: Lost Revenues for BPA and Distribution Utilities.** The subgroup identified mechanisms to mitigate lost revenues, and roundtable members offered refinements and other approaches. The roundtable concluded that the lost revenue issues should be evaluated in pilot projects.

**Policy Issue #3: Defining the Cost Tests.** The subgroup recommended the Regional Cost Test (RCT) as the best approach to examining alternatives to transmission construction. The group's recommendation also states that for purposes of considering the TBL as a stand-alone entity, the Utility Cost Test "provides insights." The roundtable concurred that the subgroup had completed its assignment.

**Policy Issue #4: Review of the Detailed Studies.** The subgroup reported that roundtable members would get executive summaries of detailed NWS studies ahead of meetings. The roundtable plunged into the first detailed NWS studies conducted by BPA staff – Olympic Peninsula and Lower Valley – and learned about the difficulties of running the complex models and the need for more accurate data to do the analyses. Staff will continue to analyze the potential for pilot projects and energy efficiency measures to shave peak in both locations. Staff will also continue to improve its analytical methods.

**Institutional Barrier #3: Incentive for Distribution Utilities to do Accurate Forecasting.** The subgroup considered whether there are incentives in the current process for utilities to overforecast transmission needs. BPA forecasts about 25 percent of its transmission load, and the remainder is forecast by other users. One issue is getting the data to compare forecasts with actual use to see whether there is a problem, and if so, how large it is. The subgroup outlined several tasks it will pursue and members said they plan to meet again to continue to work on the forecasting issue.

**Institutional Barrier #5: Lack of Coordination and Transparency in Transmission Planning Process.** The subgroup reported that a new Northwest Transmission Assessment Committee (NTAC), under the auspices of the Northwest Power Pool, is a positive step toward a more coordinated and transparent transmission planning process. An NTAC representative briefed the roundtable on the purpose of the committee and its initial work plan, including an assessment of the existing system. There was some concern among roundtable members that NTAC not be a substitute for continuing to pursue a Regional Transmission Organization.

**Institutional Barrier #10: Reliability of NWS versus Transmission Upgrades.** The subgroup determined the first step in getting at reliability is to separate the NWS into groups with certain known characteristics, i.e., energy efficiency measures, distributed generation, contractual demand response, and voluntary demand response. The subgroup outlined proposed steps toward determining the reliability for each grouping. Roundtable members said reliability has to be locked down to get “over the hurdle” of using NWS. The subgroup should have a plan for going forward ready by the end of October.

**Institutional Barrier #7: Better Price Signals.** The subgroup determined that in the long term, it may be advisable to come up with a more fully developed dynamic pricing system for transmission, but in the short-term, it makes sense to test some proposed price signals. The subgroup said pilot tests are essential to see if the short-term mechanisms could be effective, without being simply punitive. There was discussion about having workshops to explore new concepts in transmission rates. The subgroup will continue its work, combining two papers and focusing on which approaches to emphasize.

**Policy Issue #2: Design 2004 Pilots.** The subgroup considered which measures to look at for pilots; a big issue is getting good data. BPA’s current budget for pilots is \$4 million for FY 2004-06, with FY04 capped at \$1 million, and several roundtable members said that is not enough money to accomplish much. BPA presented a draft list of screening criteria that could be used for selecting NWS tests. The roundtable recommended no funds be dedicated to pilots in Lower Valley until there is a decision on a natural gas pipeline proposed for that area. The subgroup will continue to work on the measures and costs for pilots.

**Institutional Barrier #15/9: Who Funds? Who Implements?** The subgroup determined that “who benefits” is an important part of the discussion of who funds and who implements NWS, and it outlined several tasks to pursue. The roundtable discussed how to approach funding and implementing an NWS solution on the Olympic Peninsula, identifying players and funding sources. The point was made that the roundtable needs to get out and “tell its story,” and BPA staff sought comments on a draft newsletter.

**Other Items.** BPA presented a draft list of 2004 targets related to NWS and invited roundtable members to comment. Administrator Steve Wright joined the group to thank members for their contribution and present recognition gifts. Ralph Cavanagh presented Wright with a commendation from the Northwest Energy Coalition. BPA announced its

plan for a policy-level environmental impact statement (EIS) for TBL, a process that will get under way later in October.

Based on feedback from round table participants the round table will change its current name 'non-construction alternatives' to 'non-wires solutions' round table.

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